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TO RUEHC/SECSTATE WASHDC PRIORITY 1676  
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0029  
RUEHBK/AMEMBASSY BANGKOK PRIORITY 1631  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 5864  
RUEHHI/AMEMBASSY HANOI PRIORITY 0080  
RUEHJA/AMEMBASSY JAKARTA PRIORITY 0193  
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0215  
RUEHKU/AMEMBASSY KUWAIT PRIORITY 0025  
RUEHML/AMEMBASSY MANILA PRIORITY 1540  
RUEHMO/AMEMBASSY MOSCOW PRIORITY 1978  
RUEHPF/AMEMBASSY PHNOM PENH PRIORITY 0040  
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RUEHKO/AMEMBASSY TOKYO PRIORITY 2741  
RUEHVN/AMEMBASSY VIENTIANE PRIORITY 0034  
RUEHSH/AMCONSUL SHENYANG PRIORITY 0381  
RHEHNSC/NSC WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 ULAANBAATAR 000658

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E.O. 12958: DECL: 11/23/2017  
TAGS: [PGOV](#) [PREL](#) [ECON](#) [SOCI](#) [MG](#)  
SUBJECT: BAYAR VOTED IN AS MONGOLIAN MP, TAKES AIM AT  
RISING CONSUMER PRICES

REF: ULAANBAATAR 641

Classified By: Ambassador Mark Minton for Reason 1.4 (d).

11. (C) SUMMARY: As expected, Mongolia's Parliament elected S.Bayar as Prime Minister on November 22, with 67 of 69 MPs present voting in support. Bayar, an English-speaking former diplomat who leads the ruling Mongolian People's Revolutionary Party (MPRP), accepted the Seal of Government and said he would discuss the composition of a coalition Government with other political parties and President N.Enkhbayar. (The PM is expected to provide a draft Cabinet list to Enkhbayar before the President leaves on November 24 for state visits to the United Arab Emirates, Kuwait and Qatar.) In remarks to the press, Bayar indicated that his first priority, after setting up a new Government, would be to focus on rising consumer prices. Bayar did not shed any light on who he would invite to serve in the next Cabinet but indicated that it would not include Republican Party leader B.Jargalsaikhan or People's Party chief Gundalai. Bayar also reiterated his view that the current Cabinet, with 18 members, is too large. On November 21, the ROK Ambassador told Ambassador Minton that he views Bayar as a "capable" and "strong" leader, and that strong leadership is what Mongolia needs at this time. The same day, influential MP Munkh-Orgil predicted to the Ambassador that Bayar will exercise discipline over his Cabinet and ensure that policies are not open to reinterpretation. END SUMMARY.

12. (U) As expected, the Mongolian Parliament voted in S.Bayar as the country's 25th Prime Minister on November 22. Sixty-seven of the 69 MPs present at the plenary session (out of 75 total) voted in support of Bayar, who is head of the ruling (and formerly communist) Mongolian People's

Revolutionary Party (MPRP). The eventual rise to PM of Bayar, a 51-year-old, English-speaking former diplomat, was essentially a foregone conclusion following the events of October 27, when Bayar unseated former PM M.Enkhbold as MPRP Chairman (reftel).

#### LIPS SEALED ON CABINET PLANS

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13. (U) After accepting the Seal of Government from Enkhbold and his Cabinet, Bayar said he would discuss the composition of a new Cabinet with other political parties and President N.Enkhbayar. Bayar was expected to provide a list of prospective Cabinet ministers to Enkhbayar before the President leaves on November 24 for state visits to the United Arab Emirates, Kuwait and Qatar. (Note: During the President's stay in the UAE, the two countries are to sign protocols on aviation, labor, veterinary services and wildlife conservation. In Kuwait, oil- and education-related agreements are to be concluded, while in Qatar, cooperation is to be formalized on investment promotion, youth exchanges, veterinary services and commerce. End Note.) The President will have seven working days to respond to Bayar's draft Cabinet lineup, but even if the President were to fail to respond, PM Bayar would be able to submit his choices to Parliament for approval, first by the relevant Standing Committees and then by the full Parliament.

#### RISING PRICES A MAJOR CONCERN

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14. (U) Also on November 22, Bayar indicated in remarks to the press that his first priority, after setting up a new Government, would be to focus on rising consumer prices. He did not explain what this effort would entail, but in a November 6 meeting with the Ambassador, Bayar said he planned to rein in inflation (approaching 13 percent this year), paying particular concern to the prices of basic goods. He added that other issues of key interest to the Mongolian people include corruption and major mining projects. (Note: Bayar told the Ambassador that he hopes a GOM contract with mining giant Rio Tinto will be signed on the Oyu Tolgoi deposit during the first three months of 2008. End Note.)

#### GUNDALAI, JARGALSAIKHAN LEFT OUT

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15. (C) Bayar did not shed any light on key members of the coalition Government he will form but did indicate that it would not include Republican Party leader B.Jargalsaikhan or People's Party chief Gundalai. Bayar also reiterated his view that the current 18-person Cabinet "is too huge," leading to speculation that the new Cabinet would consist of 15 to 17 members. In a November 21 meeting with the Ambassador, influential MPRP member Munkh-Orgil, who chairs Parliament's Legislative Standing Committee, described Bayar as a strong leader who will exercise discipline over his Cabinet and ensure that policies set by the PM are not open to reinterpretation by Cabinet ministers.

#### ROK AMBASSADOR: BAYAR "CAPABLE," "STRONG"

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16. (C) Over dinner with the Ambassador on November 21, South Korean Ambassador Park characterized Bayar as a "capable" and "strong" leader, adding that strong leadership is what Mongolia needs at this time.  
MINTON